

HEALTH INSURANCE FLEXIBILITY ACCOUNTABILITY WAIVER (HIFA)

The 2005 and the 2007 Legislatures approved federal Medicaid matching funds over the biennium for the implementation and provision of services related to the Health Insurance Flexibility Accountability (HIFA) Waiver. The state match for the services was provided by a combination of state revenue funds including health and Medicaid initiative state special revenue from tobacco taxes and tobacco settlement funds. Health and Medicaid initiative revenues include support for Mental Health Services Plan (MHSP) and the Insure Montana – a small business health insurance program which provides insurance incentive payments for employers and premium assistance for employees. Tobacco settlement funds provide for Montana Comprehensive Health Association (MCHA) premium assistance benefiting Montanans who are unable to obtain health insurance due to risks factors such as cancer or HIV.

The 2005 Legislature reviewed the HIFA waiver and appropriated federal matching funds in anticipation of a July 1, 2006 implementation date. However, the waiver application was not submitted to the federal Centers for Medicare and Medicaid Services (CMS) for review until July 2006, partially due to extensive review by the executive branch. The 2007 Legislature also reviewed the HIFA waiver and appropriated \$30.0 million in additional federal appropriation authority for the 2009 biennium.

The HIFA waiver allows states to waive requirements of the Social Security Act in areas such as comparability of services, state-wideness, freedom of choice, early and periodic screening diagnostic and treatment services (EPSDT), and cost sharing. Waiving these provisions allows states to be creative in designing new health care programs to meet the needs of the uninsured population, by providing Medicaid funded healthcare coverage for low-income citizens and health insurance to citizens who otherwise would not qualify for traditional Medicaid services and yet cannot afford health insurance.

The figure on page 2 shows the eligibility expansions, the types of benefits and assistance, and the number of persons anticipated to be served under the proposed waiver. The actual healthcare benefit packages, eligibility groups, and the number of people served may change as a result of negotiations with CMS. The proposed uninsured groups and individual coverages are:

- Uninsured children under 150 percent of the federal poverty level (FPL)
 - Benefit package equivalent to that provided by the Children's Health Insurance Program (CHIP)
- Uninsured youth age 18-20 formerly in foster care who are seriously emotionally disturbed (SED)
 - CHIP look alike benefit with specialized life skills component
- Persons eligible for the Montana Comprehensive Health Association (MCHA) assistance program
 - Premium assistance
- The following groups receive a basic health insurance package equivalent to \$2,000 per person per year:
 - Uninsured working parents of children with Medicaid
 - Uninsured adults with children under 21
 - Uninsured youth age 18-20
 - Uninsured Mental Health Services Plan (MHSP) population

The final eligibility groups listed would be able to choose among three limited physical health care benefit options with an annual benefit of \$2,000, including:

- Assistance with the cost of the monthly premium of employer based insurance
- Payment of the monthly premium for private individual insurance policies
- Medicaid fee-for-service benefits

HIFA Eligibility, Estimated Number Served, Type of Benefit

| Proposed Groups | Financial Eligibility | Service Package | Numbers Served |
|--|--------------------------------|--|---|
| Mental Health Services Plan <i>Expansion Group</i> | Equal to or less than 150% FPL | Mental health services, prescription drugs, physical health*, acute care (short term), Nurse First | 1,500 Expanded health care benefit |
| Uninsured Working Parents of Children with Medicaid <i>Optional Group</i> | Equal to or less than 200% FPL | Physical health*, Nurse First | 600 New health care benefit |
| Uninsured Children <i>Optional Group</i> | Equal to or less than 150% FPL | Benefit package that mirrors CHIP benefit, Nurse First | 1,500 New health care benefit |
| Uninsured former SED foster youth ages 18 through 20 <i>Optional Group</i> | Equal to or less than 150% FPL | Benefit package that mirrors CHIP benefit, enhanced mental health, transition life skills, Nurse First | 300 New health care benefit |
| MCHA <i>Expansion Group</i> | Equal to or less than 150% FPL | Insurance premium assistance, Nurse First | 200 Current health care benefit; 60 new health care benefit served off waiting list |
| 1) Uninsured working adults 19 to 65 who have children under age 21 2) Uninsured working youth ages 18 to 21 <i>Optional Group</i> | Equal to or less than 200% FPL | Insurance premium assistance, insurance pool, premium incentives for employers, Nurse First | 1,200 New health care benefit |

*Physical Health = average of \$166 per month

- For insurance from employer
- For private insurance
- For a health care account

Source: DPHHS, October 5, 2006

MHSP clients determined eligible for waiver services would receive education and assistance in choosing the most appropriate coverage option for their needs. DPHHS estimates that up to 1,500 MHSP clients would be eligible to participate in this waiver proposal. Approximately one third of the MHSP clients would not be able to participate in the proposed waiver program because they currently have private health insurance or they have health coverage under Medicare. Under CMS guidelines, the state cannot obtain federal matching dollars for the health care services they receive. Therefore, the state would continue to provide existing MHSP mental health services using current state funds.

States must meet several conditions under a HIFA waiver, including cost neutrality and a maintenance of effort. Cost neutrality is measured by what the federal government would have paid for Medicaid services without the waiver compared to what it contributes for waiver services. Federal costs can be no more under the waiver than without a waiver. The HIFA waiver is cost neutral due to the inclusion of savings from another waiver administered by DPHHS that provides a smaller, basic package of Medicaid services to eligible adults with children (FAIM waiver). The HIFA proposal is more comprehensive because CMS allowed savings from the FAIM waiver to be included.

States must maintain the same level of funding for the HIFA waiver as it did for the services it covered prior to implementation of the waiver. The estimated annual maintenance of effort (MOE) for the HIFA waiver is

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dependent on the level of services and funding for those populations considered part of the waiver when it is approved.

CMS communications with DPHHS have indicated a concern with some of the proposed groups served in the proposed waiver including the proposal to offer a CHIP look alike benefit and fund it through Medicaid.